

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 PA-01 H-01 L-03 SP-02
AID-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 OPIC-03 LAB-04
SIL-01 INRE-00 NSCE-00 SSO-00 /080 R

XMB

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AF/E:PGSMITH

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FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, XMB

SUBJECT: ZAMBIA REQUEST FOR EXIM GUARANTEE EXTENSION

REFERENCES: (A) LUSAKA 1107; (B) LUSAKA 1297;
(C) LUSAKA 788

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1. FOLLOWING RECEIPT REF A EXIMBANK CONTACTED EQUATOR BANK TO CLARIFY NATURE OF ZAMBIA REQUEST. EQUATOR BELIEVES ZAMBIA NOT RAISING QUESTION OF STRETCHING OUT PAYMENTS ON ALREADY DISBURSED SUMS UNDER REVOLVING LINES OF CREDIT, BUT ASKING FOR RENEWAL OF LINES FOR ANOTHER YEAR. EXIMBANK HAS RENEWAL UNDER CONSIDERATION, BUT IS WAITING FOR IMF DATA EXPECTED THIS WEEK TO ASSIST IN ANALYSIS OF COUNTRY SITUATION. EXIM APPRECIATED ANALYSIS REF C OF ITS OWN INTERESTS IN CONTINUING TO FACILITATE

ZAMBIA'S EXPORT EARNINGS FROM COPPER MINES, AND UNDERSTANDS OVERALL USG POLICY INTERESTS. BANK MUST STILL SATISFY ITS REQUIREMENTS FOR BASIC CREDITWORTHINESS OF COUNTRY, WHICH MAY HAVE BEEN CONSIDERABLY ENHANCED BY CONCLUSION OF IMF PROGRAM BUT IS STILL NOT CLEARLY RE-ESTABLISHED.

2. EXIMBANK NOW HAS PRESSING PROBLEM IN FORM OF CLAIM WHICH BANK PAID ON MARCH 29 ON DLRS 114,876 SALE OF USED CLOTHING BY J. GERBER AND COMPANY TO PIPER CLOTHING

LIMITED. ACCORDING TO TELEX FROM NATIONAL COMMERCIAL BANK OF ZAMBIA (NDOLA), PIPER CLOTHING DEPOSITED KWACHA FOR PAYMENT TO GERBER ON APRIL 14, 1977, BUT NCBZ STILL WAITING FOR AUTHORIZATION FROM CENTRAL BANK TO MAKE TRANSFER. TRANSACTION IS NCBZ REFERENCE 8282. EXIMBANK EXPECTS TRANSFER SHOULD BE NEARING HEAD OF FOREIGN EXCHANGE QUEUE BUT WOULD APPRECIATE EMBASSY'S RAISING CLAIM WITH FINANCE MINISTRY TO FACILITATE CONSIDERATION OF SUPPLIER CREDIT RENEWALS. AS EMBASSY AWARE, BANK HAS LONG STANDING POLICY OF REFUSING NEW BUSINESS IN COUNTRIES WITH OUTSTANDING TRANSFER RISK CLAIMS OR DELINQUENCIES ON GOVERNMENT OR GOVERNMENT-GUARANTEED CREDITS. WHILE RENEWAL IS NOT STRICTLY SPEAKING NEW BUSINESS, LIMITED OFFICIAL USE

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PIPER CLOTHING CLAIM WILL HAVE IMPORTANT BEARING ON BOARD'S DECISION. BOARD MIGHT, FOR EXAMPLE, RENEW BUT BLOCK DISBURSEMENT PENDING PAYMENT OF CLAIM, OR MIGHT REFUSE TO RENEW PENDING PAYMENT.

3. EMBASSY SHOULD CONVEY TO FINANCE MINISTRY EXIM'S DESIRE TO CONTINUE SUPPORTING U.S. EXPORTERS SELLING TO ZAMBIA IF AT ALL POSSIBLE WITHIN THE BANK'S TERMS OF REFERENCE. VISIT BY FINANCE MINISTER WOULD, OF COURSE, underscore ZAMBIAN CONCERN OVER RENEWAL OF THE REVOLVING CREDIT LINES, BUT EXIM ALREADY WELL AWARE OF IMPORTANCE OF COPPER INDUSTRY TO ZAMBIA AND NEED FOR CONTINUED AVAILABILITY OF FINANCING TO THE COUNTRY. EXIM EXPECTS TO ACT ON THE RENEWALS LATER THIS MONTH. CHRISTOPHER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN GUARANTEES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE101410
Document Source: CORE
Document Unique ID: 00
Drafter: R A SWART:EMC
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780170-0106
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780434/aaaabckj.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bb5579aa-c288-dd11-92da-001cc4696bcc
Office: ORIGIN XMB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 LUSAKA 1107, 78 LUSAKA 1297, 78 LUSAKA 788
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2900173
Secure: OPEN
Status: NATIVE
Subject: ZAMBIAN REQUEST FOR EXIM GUARANTEE EXTENSION
TAGS: EFIN, ZA, XMB
To: LUSAKA
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/bb5579aa-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014